

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 AGR-05 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-01 CEA-01 H-01 L-02 TAR-01 /075 W

----- 045925

R 111731Z DEC 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 2528

INFO PANCANAL

USSOUTHCOM

AMEMBASSY TEGUCIGALPA

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

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EO 11652: N/A

TAG: ETRD, PN

SUBJ: BANANA NEGOTIATIONS BEGIN

REF: PANAMA 6853 (NOTAL)

1. NEW ROUND OF GOP-UNITED BRANDS (UB) TALKS COMMENCED WITH BRIEF MEETING WITH COMMERCE MINISTER MANFREDO DECEMBER 9 AND FIRST NEGOTIATING SESSION AFTERNOON OF DECEMBER 10. FURTHER SESSIONS SCHEDULED AFTERNOONS OF DECEMBER 11 AND 12. UB REP INDICATES NOTHING OF SUBSTANCE YET TO REPORT; COMPANY WILL ATTEMPT TO RECTIFY TAX SITUATION AS WELL AS DISCUSS SALE OF PRODUCTIVE FACILITIES. UB DELEGATION HEADED BY EXECUTIVE VICE PRESIDENT GELSTHORPE AND CHIEF LEGAL COUNSEL GALLOP, WHO PLAN RETURN TO BOSTON DECEMBER 13. SCHEDULING FOR NEGOTIATIONS BEYOND DECEMBER

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12 NOT YET DETERMINED. OTHER UB OFFICIALS HERE FOR TALKS ARE

SKELLY, DOSWELL, LOPEZ-BALBOA, CAMPOS, AND PEASE.

2. LOCAL PRESS REPORTS GENERAL TORRIJOS STATED DURING DECEMBER 10 PRESS CONFERENCE IN LIMA THAT NEGOTIATIONS ARE UNDERWAY FOR ACQUISITION OF UB'S PROPERTIES AND FACILITIES IN PANAMA "OVER A PERIOD OF THREE YEARS" AND THAT IN MEANTIME AN EXPORT TAX WILL INSURE TO GOP A RETURN FROM THIS NATURAL RESOURCE IT DESERVES. INDEPENDENT DAILY "LA ESTRELLA" DECEMBER 11 NOTES TALKS BEGAN "BEHIND CLOSED DOORS" WITH NO INFORMATION TO BE AVAILABLE TO PRESS FOR THE MOMENT. THIS STORY STATES GOP POSITION IS THAT EXPORT TAX IS NOT NEGOTIABLE AND THAT WHILE PANAMA WILL ATTEMP ACQUISITION OF UB'S ASSETS HERE THROUGH NEGOTIATIONS, IT INTENDS TO ACQUIRE THEM IN ANY CASE BY WHICHEVER MEANS IS MOST CONVENIENT TO THE STATE.

3. COMMENT: GENERAL TORRIJOS'S REPORTED TIMETABLE FOR ACQUISITION OF UB PRODUCTIVE FACILITIES OVER THREE YEAR PERIOD APPEARS MUCH MORE REALISTIC THAN REPEATED ASSERTION BY MANFREDO THAT TAKE-OVER IS TO BE EFFECTIVE JANUARY 1, 1975.

JORDEN

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